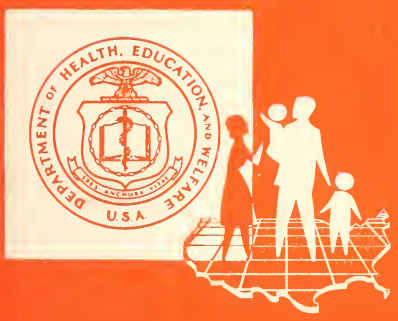
INDEPENDENT HEALTH INSURANCE PLANS IN THE UNITED STATES

1961



RESEARCH REPORT NO. 2

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
DIVISION OF RESEARCH AND STATISTICS

(3)

Independent Health Insurance Plans in the United States: 1961

by

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U.S. DEPARTMENT OF
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Foreword

Independent health insurance plans—all plans other than Blue Cross or Blue Shield plans and insurance companies—are an important element in voluntary health insurance in the United States. The Division of Research and Statistics of the Social Security Administration has made surveys of these plans from time to time over the past 20 years. These surveys are the only national source of information on these plans—their number and type, enrollment, income and benefit expenditures, and the extent to which they provide care through group practice arrangements.

This monograph presents data on these plans resulting from the latest survey, undertaken in 1962. The survey was made and the report written by Donald G. Hay, Louis S. Reed, and Robert E. Melia. The project as a whole was carried out under the direction of Louis S. Reed, Chief, Medical Economics Studies.

IDA C. MERRIAM,
Director, Division of Research and Statistics.

AUGUST 1963.

Contents

I. INTRODUCTION

This report gives the results of a survey, conducted in the spring of 1962, of all "independent" health insurance plans in the United States. These plans include all organizations, other than Blue Cross and Blue Shield plans and insurance companies, that directly provide, or make benefit payments for, specified health services on a group prepayment, risk-spreading basis.[1]

The independent plans covered in this survey fall into two main groups. One-fifth are prepayment plans that, with some minor qualifications, serve the general population of their immediate areas. With a few exceptions, these organizations make enrollment available to all individuals or groups that meet their enrollment requirements in the area served.

Four-fifths of the plans are organizations of employed persons that have developed their own arrangements for providing or paying toward health care of members of the group and usually their dependents. Most of these plans are operated by jointly managed (employer-union) welfare funds; others are operated by industrial concerns for their employees, by employee beneficial associations, or by unions without employer participation.

Although the total number of people served by the independent health insurance plans is about 7 percent of the total enrollment in all types of health insurance carriers, these plans play a significant role in private health insurance in the United States. Many independent plans provide service through organized group practice and thus serve a useful purpose in the testing and development of such arrangements. The plans have pioneered in the offering of new and broader health service benefits—as an illustration, most of the enrollees have coverage for comprehensive physician service—and in providing a basis for consumer participation in health insurance developments.

The Division of Research and Statistics of the Social Security Administration has made periodic surveys of all known independent

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[1] University and college student health services, though meeting the definition of independent plans used, were excluded from the survey.

health insurance plans for about 20 years.[2] The surveys are designed to obtain data on the number and characteristic features of these plans—enrollment, benefits, income, and benefit expenditures—and are the only national source of such data on the independent plans. The enrollment data are used annually by the Health Insurance Association of America in compiling its annual estimates of persons covered for hospital, surgical, and medical expense protection in the United States. The data on income and benefit expenditures of independent plans, with data provided by Blue Cross-Blue Shield and the insurance industry, enable the Division of Research and Statistics to make estimates of total income and benefit expenditures of all health insurance carriers in the United States and the proportion of private medical care expenditures met by insurance.

Methods of Survey

The survey conducted in the spring of 1962 was along much the same lines as previous surveys. It included all plans known to be active for 6 months or more during 1961. Data were requested on enrollment by type of health benefit being provided as of December 31, 1961, and on income and expenditures for the calendar year 1961 or fiscal year ended during 1961. Information was also requested on whether the plan provided care through group practice arrangements and, if so, on the personnel and facilities involved. Information was also requested as to arrangements, if any, of the plans for provision of drugs and eyeglasses.

The list of independent plans used in the survey was developed from several sources: (1) those plans which had responded to earlier surveys of the Division; (2) plans noted in newspaper and magazine articles; (3) names of employer-employee-union plans which self-insure for health benefits, obtained from the Division of Welfare and Pension Reports, U.S. Department of Labor; and (4) other sources including the Association of Railroad Medical Services Executives; Council on Medical Service of the American Medical Association; Division of Community Health Services and Division of Dental Public Health and Resources, U.S. Public Health Service; Farmers' Co-

[2] Publications setting forth the results of these surveys have been as follows: Margaret C. Klem, *Prepayment Medical Care Organizations;* Bureau of Research and Statistics Memorandum No. 55 (published in three editions over the period 1943–45); Agnes W. Brewster. *Independent Plans Providing Medical Care and Hospitalization Insurance in 1949 in the United States,* Division of Research and Statistics, Social Security Administration, Bureau Memorandum No. 72, 1952; Agnes W. Brewster, "Independent Plans Providing Medical Care and Hospital Insurance: 1950 Survey," *Social Security Bulletin,* May 1951; same author and title but "1954 Survey," *Social Security Bulletin,* Apr. 1955; same author and title but "1957 Survey," *Social Security Bulletin,* Apr. 1958; same author and title but "1959 Survey," *Social Security Bulletin,* Feb. 1961. Summary data from the present survey were set forth in Donald G. Hay. "Independent Health Insurance Plans in the United States, 1961 Survey," *Social Security Bulletin,* Feb. 1963.

operative Service, U.S. Department of Agriculture; Group Health Association of America, Inc.; and the National Association of Clinic Managers.

A questionnaire and a covering letter were sent to all 1,053 organizations whose names were thus obtained (table 1). Of the 802 plans identified as being active in 1961, questionnaire returns were obtained for 516, or two-thirds of the total.[3] Data in this analysis are based on returns for these 516 reporting plans.[4]

As the questionnaires for the 516 reporting plans were received by the Division of Research and Statistics, each questionnaire was edited and checked as to completeness of requested information and for internal consistency of the responses. Only a few follow-up mail inquiries were needed to clarify some of the information reported on the questionnaires. Following the office editing of the questionnaires, data were transposed via numerical codes to IBM cards for machine processing and tabulations.

This monograph gives a detailed analysis of the 1961 survey results together with comparisons with some of the findings of the 1943 and other previous surveys.

Chapter II of this monograph sets forth findings on all reporting plans. Chapter III relates to reporting plans which provide service through group practice arrangements. Chapter IV summarizes changes and trends in independent health insurance plans included in the surveys over the period 1943–1961. Chapter V presents estimates of enrollment, income, and benefit expenditures of all 802 independent plans known to be active in 1961.

The appendix sets forth additions and deletions to *Independent Health Insurance Plans, A List by States, June 1962*, previously issued by the Division, so as to bring this list up to date.

TABLE 1.—*Organizations contacted in 1961 survey of independent health insurance plans*

Plans	Number
Total names on mailing list	1,053
Plans included in 1961 survey	802
Plans reporting for 1961 survey	516
Plans not reporting for 1961 survey	286
Organizations excluded from 1961 survey	251
Organizations not functioning as independent plans [1]	245
Independent plans not yet in operation [2]	6

[1] Includes organizations reporting use of other carriers, plans formerly active but inactive in 1961, and organizations assumed to be inactive because no reply was received to repeated inquiries.
[2] Only plans in operation for at least 6 months in 1961 were included in the survey.

[3] For a listing of the independent plans reported to be active as of June 1962, see Division of Research and Statistics, *Independent Health Insurance Plans, A List by States, June 1962.*

[4] To provide information needed by the Health Insurance Association of America and for other analyses made by the Division of Research and Statistics, estimates of enrollment, income, and expenditures were made for all 802 plans indicated as active in 1961. Data from the 516 reporting plans were combined with estimates for the 286 nonreporting plans; the resulting summary estimates for all 802 plans are shown in ch. V.

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II. FINDINGS ON ALL REPORTING PLANS

Plans and Enrollment

The 516 independent plans reporting for 1961 represent a considerable increase from the number—almost 300—included in the 1959 survey. Most of the plans for which data were first obtained in the 1961 survey were employer-employee-union plans identified from the records of the Division of Welfare and Pension Reports of the Department of Labor.

Number of plans and enrollment.—More than 8½ million persons were enrolled in the 516 plans reporting for 1961—about a million less than the total reported in the 1959 survey. The principal reason for the drop in enrollment was the shift of four large plans that had been independent in 1959 to being Blue Cross or Blue Shield plans. One—the Connecticut Blue Cross—is now a member plan of the Blue Cross Association; the others—the North Idaho District Medical Service Bureau, Medical Mutual of Cleveland, Ohio, and the Medical Society Physicians' Service of Rhode Island—are now affiliated with Blue Shield. They accounted for a total loss of almost 2.9 million enrollees in independent plans. This loss was partially offset, however, by the growth of enrollment in other plans and the larger number of plans included in the 1961 survey.

Types of plans.—The independent plans have been classified into five types according to nature of sponsorship or control: (1) community, (2) medical society other than Blue Shield, (3) dental society, (4) private group clinics, and (5) employer-employee-union.

Community plans, with a few exceptions, are open to most persons in a community and are usually operated by a group of civic leaders or a local consumer group. Most of the 55 plans classified as community plans in the 1961 survey extended enrollment to all persons or all groups meeting enrollment requirements in a given community or area. A few limited enrollment to persons belonging to certain fraternal or consumer groups.

Medical society plans are sponsored by a State, county, or local medical society and are not Blue Shield plans. Of the 22 plans in this category, 20 were county medical bureaus in the State of Washington. While three other county medical bureaus in Washington

are Blue Shield plans, as of 1961 these 20 county medical bureaus were not members of Blue Shield.

Dental society plans, included for the first time in the current survey, are dental prepayment plans sponsored by a State, district, or county dental society. The two dental plans reporting in the 1961 survey were California Dental Association Service and Washington Dental Service.

Private group clinic plans are plans operated by a private group clinic of physicians and/or dentists and in which the group provides its services on a prepayment basis. Illustrative of such plans are Ross-Loos Medical Group, Los Angeles, Calif.; Palo Alto Clinic, Palo Alto, Calif.; Mesaba Clinic, Hibbing, Minn.; and East Range Clinic, Virginia, Minn.

The employer-employee-union plans, or industrial plans as they are often called, serve a particular employee group and usually dependents of such employees. This group of plans includes those operated by jointly managed union-management welfare funds, employers, employee groups such as an employee beneficial association, and unions without employer participation. Most of the industrial plans are operated by welfare funds.

Of the 516 reporting independent plans, 414 or four-fifths were employer-employee-union plans, 55 or slightly over a tenth were community plans, 23 were private group clinic plans, 22 were medical society plans, and 2 were dental society sponsored plans (table 2).

TABLE 2.—*Distribution of 516 reporting independent plans and of enrollees for any health benefit by type of plan, December 1961*

Type of plan	Plans		Enrollees	
	Number	Percent	Number (in thousands)	Percent
All plans	516	100.0	8,687.8	100.0
Community	55	10.7	3,232.3	37.2
Medical society [1]	22	4.3	346.2	4.0
Dental society	2	0.4	154.7	1.8
Private group clinic	23	4.5	225.2	2.6
Employer-employee-union	414	80.2	4,729.4	54.4

[1] Medical society plans other than Blue Shield plans.

Of the 8.7 million persons enrolled in the reporting plans, however, 37 percent were in community plans, 54 percent were in employer-employee-union plans, and 8 percent were in the other types of plans.

In 1959 the nonindustrial plans (community, medical society, dental society, and private group clinics), with 61 percent of the total enrollment, dominated the enrollment situation; the industrial plans, with 54 percent of total enrollment, now predominate. This change is largely the result of two sets of circumstances: (1) the four large plans, with 3 million enrollees, that shifted from the independent

group in 1959 to Blue Cross or Blue Shield by 1961 were nonindustrial plans and (2) most of the new plans in the 1961 survey—that is, those reporting for the first time—were industrial plans.

Geographical distribution.—In 1961, there were reporting plans with headquarters in 44 States, the District of Columbia, and in Puerto Rico (table 3). However, almost half of all plans were in California, Illinois, New York, Ohio, Pennsylvania, and Washington. The Middle Atlantic, Pacific, and East North Central States had a high proportion of all reporting plans.

TABLE 3.—*Distribution of independent plans and of enrollees for any health benefit by division and State, December 1961*

Division and State	Plans headquartering in State		Enrollees	
	Number	Percent	Number (in thousands)[2]	Percent
United States	516	100.0	8,687.8	100.0
New England	20	3.9	130.1	1.5
Maine	2		7.7	
New Hampshire	(1)		5.2	
Vermont	1		6.7	
Massachusetts	9		72.4	
Rhode Island	1		7.1	
Connecticut	7		31.0	
Middle Atlantic	135	26.2	3,675.9	42.3
New York	86		2,753.3	
New Jersey	17		152.0	
Pennsylvania	32		770.6	
East North Central	82	15.9	940.0	10.8
Michigan	8		179.8	
Ohio	20		181.6	
Illinois	31		381.9	
Indiana	4		45.3	
Wisconsin	19		151.4	
West North Central	36	7.0	358.7	4.1
Minnesota	14		93.1	
Iowa	4		29.1	
Missouri	12		170.9	
North Dakota	(1)		2.3	
South Dakota	2		10.4	
Nebraska	2		13.8	
Kansas	2		39.1	
South Atlantic	58	11.2	739.6	8.5
Delaware	(1)		2.6	
Maryland	8		24.9	
District of Columbia	13		106.4	
Virginia	8		149.4	
West Virginia	3		315.1	
North Carolina	7		41.3	
South Carolina	1		13.7	
Georgia	10		42.6	
Florida	8		43.6	
East South Central	13	2.5	364.3	4.2
Kentucky	3		176.3	
Tennessee	(1)		34.7	
Alabama	6		117.8	
Mississippi	4		35.6	
West South Central	32	6.2	161.0	1.9

TABLE 3.—*Distribution of independent plans and of enrollees for any health benefit by division and State, December 1961*—Continued

Division and State	Plans headquartering in State		Enrollees	
	Number	Percent	Number (in thousands)[2]	Percent
West South Central—Continued				
Arkansas	4		31.4	
Louisiana	6		39.2	
Oklahoma	5		17.9	
Texas	17		72.5	
Mountain	29	5.6	199.4	2.3
Montana	(1)		3.9	
Idaho	5		5.0	
Wyoming	(1)		4.0	
Colorado	6		69.4	
New Mexico	1		5.9	
Arizona	5		35.3	
Utah	9		64.1	
Nevada	3		11.8	
Pacific	101	19.6	2,104.4	24.2
Washington	31		595.0	
Oregon	8		115.1	
California	49		1,328.3	
Alaska	1		0.3	
Hawaii	12		65.7	
Outlying	10	1.9	14.4	0.2
Puerto Rico	10		14.4	
Guam				

[1] While no plans reported with headquarters within this State, there were enrollees of other plans residing in the State.

[2] For nine independent plans which are headquartered in one State but have members in one or more other States, enrollment by State is shown; in other cases, where no data by State were available, the entire enrollment was assigned to the headquarters State.

In each of the 50 States, the District of Columbia, and Puerto Rico, some persons were enrolled in the independent plans. Where a plan, such as the United Mine Workers of America Welfare and Retirement Fund, had enrollees in several States, efforts were made to distribute enrollment by States. This was done for nine plans. However, these data were not available for all plans, including railway hospital associations, that have enrollees in two or more States and for such plans the total enrollment was credited to the State in which the plan had its headquarters.

New York State with 2.7 million enrollees and California with 1.3 million led all the States in enrollment; together these States had nearly half (47 percent) of the total enrollment in all plans. The Middle Atlantic States led in enrollment with 42 percent of all enrollees. The Pacific States came next with a fourth, and the East North Central States had about a tenth of all enrollees.

Size of plan.—Independent health insurance plans range in enrollment from small to fairly large organizations (table 4). There were 195 plans, or almost two-fifths of those reporting, with fewer than 1,000 members—and 31 of these plans had less than 100 members per plan. On the other hand, 22 plans had 50,000 or more enrollees.

Plans having 50,000 or more members accounted for two-thirds of

TABLE 4.—*Distribution of plans by size (number of enrollees), December 1961*

Size of plan (number of enrollees)	All plans	Type of plan				
		Community	Medical society	Dental society	Private group clinic	Employer-employee-union
	Number of plans					
Total	516	55	22	2	23	414
Less than 1,000	195	8	2	----	3	182
1,000–4,999	145	11	6	----	13	115
5,000–9,999	66	10	6	1	3	46
10,000–24,999	54	13	5	----	3	33
25,000–49,999	34	6	1	----	----	27
50,000 or more	22	7	2	1	1	11
	Percent distribution					
Total	100.0	100.0	100.0	100.0	100.0	100.0
Less than 1,000	37.8	14.5	9.1	----	13.0	43.9
1,000–4,999	28.1	20.0	27.3	----	56.5	27.8
5,000–9,999	12.8	18.2	27.3	50.0	13.1	11.1
10,000–24,999	10.5	23.6	22.7	----	13.0	8.0
25,000–49,999	6.6	10.9	4.5	----	----	6.5
50,000 or more	4.3	12.7	9.1	50.0	4.4	2.6

the total enrollment in all independent plans (table 5). The seven community plans having 50,000 or more enrollees account for more than four-fifths of the total membership in this type of plan. Three plans with a combined enrollment of 2.2 million—the Kaiser Foundation Health Plan of California, Oregon, and Hawaii (considered here as a single plan), Group Health Insurance, Incorporated of New York, and the Health Insurance Plan of Greater New York—had 70 percent of the enrollment in all community plans. Other large

TABLE 5.—*Distribution of enrollees by size of plan, December 1961*

Size of plan (number of enrollees)	All plans	Type of plan				
		Community	Medical society	Dental society	Private group clinic	Employer-employee-union
	Number enrolled for any benefit (in thousands)					
Total	8,687.8	3,232.3	346.2	154.7	225.2	4,729.4
Less than 1,000	74.6	3.9	1.1	----	.8	68.8
1,000–4,999	358.6	30.1	18.8	----	34.6	275.1
5,000–9,999	470.0	76.8	44.2	9.1	22.5	317.4
10,000–24,999	829.6	203.2	67.6	----	43.8	515.0
25,000–49,999	1,227.2	238.2	30.8	----	----	958.2
50,000 or more	5,727.8	2,680.1	183.7	145.6	123.5	2,594.9
	Percentage distribution					
Total	100.0	100.0	100.0	100.0	100.0	100.0
Less than 1,000	1.0	.1	.3	----	.4	1.4
1,000–4,999	4.1	.9	5.4	----	15.4	5.8
5,000–9,999	5.4	2.4	12.8	5.9	10.0	6.7
10,000–24,999	9.5	6.3	19.5	----	19.4	10.9
25,000–49,999	14.1	7.4	8.9	----	----	20.3
50,000 or more	65.9	82.9	53.1	94.1	54.8	54.9

community plans include Group Health Association, Washington, D.C.; Community Health Association, Detroit, Mich.; Inter-County Hospitalization Plan, Glenside, Pa.; and Group Health Cooperative of Puget Sound, Seattle, Wash.

Among employer-employee-union plans, the 11 with 50,000 or more members had 55 percent of the total enrollment in such plans. Four plans—United Mine Workers of America, the International Ladies' Garment Workers' Union (the different benefit plans of this union's many locals are here considered as a single plan), the National Association of Letter Carriers, and the United Federation of Postal Clerks—had an aggregate enrollment of 2.0 million or 43 percent of the enrollment in all employer-employee-union plans.

The medical society and private group clinic plans are similar to industrial plans in their distribution by size of enrollment. One dental society plan had fewer than 10,000 enrollees while the other had more than 50,000 members.

Coverage of dependents.—Over three-fifths of all independent plans had some benefit coverage for dependents of the primary members or subscribers (or employees in industrial plans). Of the total enrollment in all plans, there was about one dependent for every subscriber. For those plans that enrolled dependents, there were two or more dependents per subscriber.

Dependents made up a higher share of the enrollment in community plans than in other types of plans. The ratio of dependents to total enrollment in all independent plans increased slightly from 1959 to 1961.

Benefits Provided

Some independent plans maintain their own health facilities with a full-time or part-time staff of physicians and/or dentists and directly provide health services to their enrollees. Others make benefit payments for hospitalization, physician services, and other health care provided to covered persons. In this monograph, the term "health benefits" includes both the services furnished directly and the payments toward specified types of health care.

Benefits and enrollment.—There is a wide range in benefits provided by the plans—from relatively limited to fairly comprehensive. About four-fifths of the 516 reporting plans provided surgical care (and generally obstetrical care also) in 1961, and about the same proportion, but not necessarily the same plans, provided a hospitalization benefit (table 6).[5] Seventy percent of the plans provided in-

[5] The questionnaire asked whether the plan provided surgical and/or obstetrical care. The great majority of those providing this benefit provide both surgical and obstetrical benefits; some may provide surgical, but not obstetrical service. Hereafter the term surgical benefit will be understood to include in most instances obstetrical benefits.

TABLE 6.—*Number of plans furnishing specified benefits by type of plan, December 31, 1961*

Type of benefit	All plans	Type of plan				
		Community	Medical society	Dental society	Private group clinic	Employer-employee-union
	Number of plans					
Any benefit	516	55	22	2	23	414
Hospitalization	407	43	21	----	9	334
Physician service:						
Surgical-obstetrical	416	42	22	----	18	334
In-hospital medical calls	361	37	22	----	20	282
Office-clinic-home calls	335	33	22	----	22	258
Dental care	96	10	----	2	2	82
Nursing service	86	10	1	----	2	73
Drugs outside hospital	106	8	1	----	4	93
Nursing-home care	25	----	----	----	----	25
Other health benefit	134	6	1	----	5	122
	Percent of plans having specified benefit					
Hospitalization	78.9	78.2	95.5	----	39.1	80.7
Physician service:						
Surgical-obstetrical	80.6	76.4	100.0	----	78.3	80.7
In-hospital medical calls	70.0	67.3	100.0	----	87.0	68.1
Office-clinic-home calls	64.9	60.0	100.0	----	95.7	62.3
Dental care	18.6	18.2	----	100.0	8.7	19.8
Nursing service	16.7	18.2	4.5	----	8.7	17.6
Drugs outside hospital	20.5	14.5	4.5	----	17.4	22.5
Nursing-home care	4.8	----	----	----	----	6.0
Other health benefit	26.0	10.9	4.5	----	21.7	29.5
	Percent distribution					
Any benefit	100.0	10.7	4.3	0.4	4.5	80.2
Hospitalization	100.0	10.6	5.2	----	2.2	82.1
Physician service:						
Surgical-obstetrical	100.0	10.1	5.3	----	4.3	80.3
In-hospital medical calls	100.0	10.2	6.1	----	5.5	78.1
Office-clinic-home calls	100.0	9.9	6.6	----	6.6	77.0
Dental care	100.0	10.4	----	2.1	2.1	85.4
Nursing service	100.0	11.6	1.2	----	2.3	84.9
Drugs outside hospital	100.0	7.5	.9	----	3.8	87.7
Nursing-home care	100.0	----	----	----	----	100.0
Other health benefit	100.0	4.5	.7	----	3.7	91.0

hospital medical care and nearly two-thirds provided for physician service in the office, clinic, health center or hospital outpatient department and generally also in the home.[6] Most plans having physician office-clinic-home calls also provide surgical and in-hospital medical care—that is, they have comprehensive physician services. A fifth of all the plans provided some benefits for drugs used outside hospitals and nearly as high a proportion had dental benefits.

About a sixth of the plans provided some nursing service benefit—either special private-duty nursing care in the hospital and/or home

[6] Physician services in the office, clinic, health center or hospital outpatient department are more frequently available as a benefit than physician home calls. For example, the health centers maintained by some employer-employee-union plans provide physician care at the center but generally not in the hospital or home. Hereafter the term office-clinic-home visits will be understood to mean that physician care in the office, clinic, health center or hospital outpatient department is provided and generally but not always care in the home.

or visiting-nurse services or both. A few (25) plans provide nursing-home benefits and 134 plans reported other benefits such as ambulance service, optical care, or health care appliances.

More of the enrollees in independent plans could receive surgical care (87 percent) than any other type of benefit (table 7). In-hospital medical care and physician office-clinic-home services were provided to 83 and 79 percent, respectively. About 71 percent of all persons covered were enrolled for hospital care.

The principal reason that a smaller proportion of the enrollees were covered for hospitalization is that four of the large plans provide physician services but not hospital care. These plans are Ross-Loos Medical Group of Los Angeles, the Group Health Insurance, Inc., of New York, the Health Insurance Plan of Greater New York, and the

TABLE 7.—*Enrollees eligible for specified benefits, by type of plan, December 1961*

Type of benefit	All plans	Type of plan				
		Community	Medical society other than Blue Shield	Dental society	Private group clinic	Employer-employee-union
	Number enrolled for specified benefit (in thousands)					
Any benefit	8,687.8	3,232.3	346.2	154.7	225.2	4,729.4
Hospitalization	6,134.0	1,628.2	344.3	----------	40.8	4,120.7
Physician service:						
Surgical-obstetrical	7,563.9	2,804.8	346.2	----------	211.0	4,201.9
In-hospital medical calls	7,226.7	2,708.6	345.7	----------	217.2	3,955.2
Office-clinic-home calls	6,889.6	2,447.6	341.6	----------	222.3	3,878.1
Dental care	952.6	189.0	----------	154.7	3.1	605.9
Nursing service	3,487.1	2,361.2	3.9	----------	6.3	1,115.7
Drugs outside hospital	1,300.5	122.9	3.6	----------	20.4	1,153.7
Nursing-home care	489.9	----------	----------	----------	----------	489.8
Other health benefit	2,581.1	1,666.9	8.0	----------	7.7	898.4
	Percent eligible for specified benefit					
Any benefit	100.0	100.0	100.0	100.0	100.0	100.0
Hospitalization	70.6	50.4	99.5	----------	18.1	87.1
Physician service:						
Surgical-obstetrical	87.1	86.8	100.0	----------	93.7	88.8
In-hospital medical calls	83.2	83.8	99.9	----------	96.4	83.6
Office-clinic-home calls	79.3	75.7	98.7	----------	98.7	82.0
Dental care	11.0	5.8	----------	100.0	1.4	12.8
Nursing service	40.1	73.1	1.1	----------	2.8	23.6
Drugs outside hospital	15.0	3.8	1.0	----------	9.1	24.4
Nursing-home care	5.6	----------	----------	----------	----------	10.4
Other health benefit	29.7	51.6	2.3	----------	3.4	19.0
	Per cent of enrollees per benefit by type of plan					
Any benefit	100.0	37.2	4.0	1.8	2.6	54.2
Hospitalization	100.0	26.5	5.6	----------	0.7	67.2
Physician service:						
Surgical-obstetrical	100.0	37.1	4.6	----------	2.8	55.6
In-hospital medical calls	100.0	37.5	4.8	----------	3.0	54.7
Office-clinic-home calls	100.0	35.5	5.0	----------	3.2	56.3
Dental care	100.0	19.8	----------	16.2	0.3	63.6
Nursing service	100.0	67.7	0.1	----------	0.2	32.0
Drugs outside hospital	100.0	9.5	0.3	----------	1.6	88.7
Nursing-home care	100.0	----------	----------	----------	----------	100.0
Other health benefit	100.0	64.6	0.3	----------	0.3	34.8

U.S. Rubber Company, headquartered in New York. Although these plans do not provide hospitalization benefits, they stress the need for their enrollees to carry hospitalization insurance with Blue Cross or a commercial company or require that they carry it.

About a seventh of all enrollees were covered for drug benefits and about a tenth for dental services. Six percent were eligible for nursing-home care—a relatively new benefit in the health insurance area.

The types of plans were generally alike in the proportions of all enrollees covered for surgical and in-hospital medical benefits and for physician office-clinic-home calls (table 7). For nursing service and "other" health benefits, more of the enrollees of nonindustrial plans were covered than of the enrollees in industrial plans. However, for other benefits including dental care, drugs outside the hospital, and nursing home care, more of the enrollees in industrial than in nonindustrial plans had coverage.

Most independent plans provide two or more types of health care benefits. (Surgical benefits, in-hospital medical care, and physician office-clinic-home services are considered as separate benefits.) Of all persons covered for any health benefit in 1961, about nine-tenths were protected against two or more risks (table 8). Nearly three-fourths (73 percent) of all enrollees had comprehensive coverage of physician services (i.e., surgical-obstetrical care, in-hospital medical visits and office-clinic-home calls) with or without other health benefits. Over half (57 percent) of all enrollees were covered for comprehensive physician service and hospitalization—again with or without other

TABLE 8.—*Enrollees in independent plans by patterns of benefits, December 1961*

Pattern of benefits	Enrollees	
	Number (in thousands)	Percent
Any benefit	8,687.8	100.0
Comprehensive physician service [1] (with or without other benefits)	6,349.1	73.1
Comprehensive physician service and hospitalization (with or without other benefits)	4,917.8	56.6
Comprehensive physician service, hospitalization, and dental care (with or without other benefits)	398.7	4.6
Comprehensive physician service, hospitalization, dental care, and nursing care (with or without other benefits)	144.0	1.6
Comprehensive physician service, hospitalization, dental care, nursing care, and drugs (with or without other benefits)	65.4	0.8
All other combinations of benefits	1,241.7	14.3
One benefit only	932.7	10.7
Hospitalization only	359.2	4.1
Surgical care only	70.5	.8
In-hospital medical care only	.9	(2)
Physician office-clinic-home calls only	111.8	1.3
Dental care only	341.3	3.9
"Other" benefit only	49.0	.6

[1] Comprehensive physician service includes surgical-obstetrical care, in-hospital medical care, and office-clinic-home calls. Again it should be remembered that a small proportion of those covered for service in a clinic or health center are not covered for home calls.
[2] Less than 0.05 percent.

benefits. Some 5 percent of enrollees had coverage through independent plans for comprehensive physician service, hospitalization, and dental care—and one or two percent had these benefits together with nursing care and/or drug benefits.

Enrollment in independent plans for the various types of health benefits varies among the geographical regions and divisions (table 9). The Northeast, and primarily the Middle Atlantic States, had the largest proportion of enrollees for surgical care, in-hospital medical, physician office-clinic-home calls, nursing services, and nursing-home care. The West, primarily the Pacific States, led in proportion of enrollees eligible for dental services and "other" health benefits. The South was comparatively low in the proportion of enrollees covered for dental and nursing services and "other" health benefits.

Arrangements for Drugs and Eyeglasses

Information was obtained from the 516 plans reporting in the 1961 survey as to arrangements, if any, of the plans for obtaining drugs and eyeglasses for their enrollees.

Arrangements for drugs.—An eighth (12 percent) of all plans operated one or more pharmacies. A fourth of all enrollees in independent plans were in the plans that operated a pharmacy; this higher share of enrollment than of plans indicates that plans operating a pharmacy unit are larger than average in their number of enrollees. Such a facility was most frequently reported by the private group clinic plans (35 percent) and by community plans (27 percent). A tenth of the employer-employee-union plans operated a pharmacy.

Nearly a fifth (19 percent) of all independent plans reported that they had "special arrangements whereby members can obtain drugs at a saving"; about half of the plans having such an arrangement reported that they operated a pharmacy. As in having a pharmacy, arrangements for obtaining drugs at a saving were most often reported by group clinics (44 percent) and by community plans (31 percent). A sixth (17 percent) of the employer-employee-union plans stated that they had arrangements whereby enrollees could obtain drugs at a saving.

Arrangements for eyeglasses.—About one in every 16 plans (6 percent) reported that they operated one or more optical units. About a fifth (21 percent) of all enrollees were in such plans. Again as in the case of pharmacies, this higher share of enrollment than of plans denotes that plans with an optical unit are relatively large organizations. About a fifth (22 percent) of the private group clinic plans and about a sixth (16 percent) of the community plans reported

TABLE 9.—*Enrollees in independent plans by region and division and by type of benefits, December 1961*

[Number in thousands]

Region and division	Type of benefit																	
	Hospitalization		Surgical		In-hospital medical		Office-clinic-home calls		Dental		Nursing		Drugs outside hospital		Nursing-home care		Other health benefit	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
United States	6,134.0	100.0	7,563.9	100.0	7,226.7	100.0	6,889.6	100.0	952.6	100.0	3,487.1	100.0	1,300.5	100.0	489.9	100.0	2,581.1	100.0
Northeast	1,920.4	31.3	3,197.3	42.3	2,986.3	41.3	2,718.2	39.4	332.7	34.9	1,647.2	47.2	414.7	31.9	140.8	28.7	1,002.6	38.8
New England	126.6	2.1	124.9	1.7	124.5	1.7	109.1	1.6	5.1	.5	62.3	1.8	44.7	3.4	34.1	7.0	18.2	.7
Middle Atlantic	1,793.8	29.2	3,072.4	40.6	2,861.8	39.6	2,609.1	37.8	327.6	34.4	1,584.9	45.4	370.0	28.5	106.7	21.8	984.4	38.1
North Central	1,107.8	18.0	1,211.4	16.0	1,066.2	14.8	1,040.3	15.1	155.4	16.3	414.0	11.9	320.5	24.6	138.5	28.3	261.5	10.1
East North Central	812.3	13.2	881.6	11.6	750.0	10.4	734.1	10.6	53.6	5.6	248.0	7.1	189.9	14.6	102.6	20.9	151.2	5.8
West North Central	295.5	4.8	329.8	4.4	316.2	4.4	306.2	4.5	101.8	10.7	166.0	4.8	130.6	10.0	35.9	7.3	110.3	4.3
South	1,191.2	19.4	1,103.1	14.6	1,126.6	15.6	1,130.4	16.4	87.6	9.2	247.8	7.1	248.0	19.1	91.9	18.8	170.4	6.6
South Atlantic	734.2	12.0	652.5	8.6	644.7	8.9	619.9	9.0	67.6	7.1	133.1	3.8	131.8	10.1	46.6	9.5	126.2	4.9
East South Central	310.7	5.1	301.5	4.0	343.5	4.8	360.6	5.2	8.3	.9	41.1	1.2	30.4	2.3	17.2	3.5	11.2	.4
West South Central	146.3	2.3	149.1	2.0	138.4	1.9	149.9	2.2	11.7	1.2	73.6	2.1	85.8	6.6	28.1	5.7	33.0	1.3
West	1,914.6	31.2	2,052.1	27.1	2,047.6	28.3	2,000.7	29.0	376.9	39.6	1,178.1	33.8	317.3	24.4	118.6	24.2	1,146.6	44.4
Mountain	197.8	3.2	197.8	2.6	196.4	2.7	166.3	2.4	56.0	5.9	94.8	2.7	124.7	9.6	37.6	7.7	91.9	3.6
Pacific	1,702.9	27.8	1,840.4	24.3	1,837.6	25.4	1,820.0	26.4	318.0	33.4	1,082.2	31.0	187.3	14.4	78.2	16.0	1,053.4	40.8
Outlying areas (Puerto Rico)	13.9	.2	13.9	.2	13.6	.2	14.4	.2	2.9	.3	1.1	(1)	5.3	.4	2.8	.6	1.3	(1)

[1] Less than 0.1 percent.

having an optical unit. Only about one in every 25 industrial plans reported operating an optical unit.

A sixth (17 percent) of all independent plans indicated that they had "special arrangements whereby members can obtain eyeglasses at a saving." Only about a fifth of the plans having reported such arrangements operated their own optical unit. More private group clinic plans (30 percent) had arrangements for obtaining eyeglasses at a saving than other types of plans, followed by community plans (20 percent), and employer-employee-union plans (17 percent).

Income and Benefit Expenditures

Income.—The 516 independent plans had a total earned income of $395 million in 1961 and they spent $362 million during the year for health care benefits (table 10).

"Earned income" refers to income derived from enrollees in the independent health insurance plans. It includes subscription charges or dues from enrollees, contributions from employer and employee organizations for covered persons, including dependents and any retirees; and additional charges paid by enrollees for services not covered by prepayment.

The 1961 survey, like those made earlier, faced the problem of segregating earned from other types of plan income such as fees or payments from nonmembers. A few plans receive income from nonmembers for services provided in the plan's hospital and/or by its medical and other professional staff. In some of the plans, this type of income is important; in fact, it may occasionally be the reason that the plan can afford to serve its prepaid members at the rates being charged. This income, however, cannot properly be considered as part of plan income earned from members, and information regarding it was not solicited from the plans themselves or knowingly included in this survey.

In an entirely different category are such income items as interest, special charges, and fees derived from plan members. Many plans require a member to pay, for example, a special fee for doctors' calls at night. Still more have other coinsurance features that, unlike those of most other forms of health insurance, represent actual receipts of income. Income derived from such sources is properly construed as being earned directly or indirectly from the members themselves. The major source of earned income for all plans, of course, remains the premium or subscription dues of the members and the amounts provided by employers or paid into a welfare fund by employers and/or employees for the provision of health benefits. About 93 percent of the earned income of the independent plans came from such sources.

TABLE 10.—*Income and health care expenditures of independent plans by type of plan and type of benefit, 1961*

Type of sponsor	Earned income	Health benefit expenditures							
		Total	Hospital care	Physician services	Dental service	Nursing service	Drugs	Nursing-home care	Other health benefits
	Amount (in millions)								
All plans	$394.7	$361.9	$151.8	$181.4	$9.4	$1.2	$12.4	$0.1	$5.7
Community	144.1	132.5	41.8	85.3	2.3	.3	.4	----	2.4
Medical society	18.9	15.5	6.7	8.7	----	(1)	(1)	----	(1)
Dental society	1.3	1.0	----	----	1.0	----	----	----	----
Private group clinic	10.1	8.4	.7	7.2	.3	(1)	.1	----	(1)
Employer-employee-union	220.4	204.5	102.6	80.1	5.8	.8	11.9	.1	3.2
	Percentage distribution by type of plan								
All plans	100.0	100.0	100.0	100.0	100.0	[2] 100.0	100.0	100.0	100.0
Community	36.5	36.6	27.5	47.0	24.5	25.0	3.2	----	42.1
Medical society	4.8	4.3	4.4	4.8	----	(2)	----	----	(2)
Dental society	.3	.3	----	----	10.6	----	----	----	----
Private group clinic	2.6	2.3	.5	4.0	3.2	(2)	.8	----	(2)
Employer-employee-union	55.8	56.5	67.6	44.2	61.7	66.7	96.0	100.0	56.1
	Percentage distribution of total health benefit expenditures by type of benefits								
All plans	----	100.0	41.9	50.1	2.6	.3	3.4	(3)	1.6
Community	----	100 0.	31.5	64.4	1.7	.2	.3	----	1.8
Medical society	----	100.0	43.2	56.1	----	(3)	.2	----	(3)
Dental society	----	100.0	----	----	100.0	----	----	----	----
Private group clinic	----	100.0	8.3	85.7	3.6	.4	1.2	----	.4
Employer-employee-union	----	100.0	50.2	39.2	2.8	.4	5.8	(3)	1.6

[1] Less than $50,000.
[2] Components do not add to total; see footnote 1.
[3] Less than .05 percent.

Employer-employee-union plans received 56 percent of the total earned income of all independent plans in 1961 (table 10). Community plans came second with 37 percent and medical society, private group clinics, and dental society sponsored plans together had 7 percent of the total earned income.

Benefit expenditures.—Half the total spent for health benefits in 1961 went for physician services, 42 percent for hospitalization, 3 percent for drugs outside the hospital, 3 percent for dental service, and 2 percent for nursing service, nursing-home care, and "other" health benefits.

The pattern of health benefit expenditures among the independent plans follows their enrollment pattern very closely. The employer-employee-union plans, which had 54 percent of the aggregate enrollment in 1961, were responsible for 57 percent of all expenditures for health benefits. More than the other types of independent plans the employer-employee-union plans tend to provide a wider, more comprehensive range of health benefits. They led all the other independent plans in expenditures for dental services, nursing services, drugs, nursing-home care, and "other" health benefits (table 10).

Community plans spent $42 million in 1961 for hospital care and twice as much ($85 million) for physician services. The explanation of the higher share for physician services is that two large community plans—Group Health Insurance, Inc., and Health Insurance Plan of Greater New York—offer physician and other health services but not hospital care. For many of the other community plans offering both hospitalization benefits and physician services, the expenditures for hospital care exceeded those for physician services.

The benefit expenditures of the medical society, dental society and private group clinic plans aggregated $25 million in 1961. The medical society and private group clinic plans spent most of their health benefit expenditures (56 percent and 86 percent respectively) for physician services. The $1 million expended by the dental society plans all went toward the cost of dental care of members. It is likely that these plans will have greater expenditures in the future.

Geographical Distribution of Expenditures

The geographical distribution of health care expenditures reflects the preponderance of enrollment in the Northeastern and Western areas of the country (table 11).

The West, which had about 27 percent of the aggregate membership of the independent plans, disbursed $127 million for health care benefits in 1961—about 35 percent of all such expenditures. The Northeast, with 44 percent of the total enrollment, accounted for one-third of all health benefit expenditures, followed by the South and North Central regions, each of which had about 16 percent of all benefit expenditures.

An examination of expenditures for types of benefits by the various regions reveals that the West spent the largest amount for hospital care ($50 million) while the Northeast had the largest expenditures for physician services ($74 million). The relatively high concentration of physician care expenditures in the Northeast is due, in part, to the fact that some large plans in that region offer physician and other health benefits, but have no hospital coverage. The two largest plans with this situation, Group Health Insurance, Inc., and Health Insurance Plan of Greater New York, together spent about 55 percent of the total outlay of all plans for physician care in the Northeast.

The Western independents, especially the large Pacific Coast plans, have traditionally pioneered in comprehensive health care, and this fact is reflected in the larger expenditures of these plans for dental services, drugs, nursing-home care and "other" health benefits.

690-640 O—63——4

TABLE 11.—*Health care expenditures of independent plans by region, division and by type of benefit, 1961*

[In millions]

Region and division	Health benefit expenditures							
	Total expenditures	Hospital care	Physician services	Dental services	Nursing services	Drugs	Nursing-home care	Other benefits
United States	$361.9	$151.8	$181.4	$9.4	$1.2	$12.4	$0.1	$5.7
Northeast	119.4	38.6	73.8	2.6	.3	3.2	(1)	.9
New England	3.6	1.5	1.9	(1)	(1)	.2	(1)	(1)
Middle Atlantic	115.8	37.1	71.9	2.6	.3	3.0	(1)	.9
North Central	56.0	30.2	22.6	.7	.2	1.9	(1)	.4
East North Central	35.1	19.2	13.9	.4	.1	1.2	(1)	.3
West North Central	20.9	11.0	8.7	.3	.1	.7	(1)	.1
South	59.4	33.4	20.7	1.4	.1	2.3	(1)	1.5
South Atlantic	35.4	20.1	11.5	1.3	----	1.0	(1)	1.5
East South Central	15.9	9.8	5.9	.1	(1)	.1	(1)	(1)
West South Central	8.1	3.5	3.3	(1)	.07	1.2	(1)	.05
West	126.8	49.5	64.1	4.6	.6	5.0	.1	2.9
Mountain	16.1	6.8	4.7	.2	.3	3.2	(1)	.9
Pacific	110.7	42.7	59.4	4.4	.3	1.8	.05	2.0
Outlying areas (Puerto Rico)	.3	.1	.2	(1)	(1)	(1)	(1)	(1)
	Percentage distribution							
United States	100.0	100.0	100.0	100.0	100.0	100.0	100.0	----
Northeast	33.0	25.4	40.7	27.7	25.0	25.8	7.0	15.8
New England	1.0	1.0	1.0	(2)	(2)	1.6	1.0	(2)
Middle Atlantic	32.0	24.4	39.6	27.7	25.0	24.2	6.0	15.8
North Central	15.5	19.9	12.5	7.4	16.7	15.3	4.0	7.0
East North Central	9.7	12.6	7.7	4.3	8.3	9.7	3.0	5.3
West North Central	5.8	7.2	4.8	3.2	8.3	5.6	1.0	1.8
South	16.4	22.0	11.4	14.9	8.3	18.5	13.0	26.3
South Atlantic	9.8	13.2	6.3	13.8	----	8.1	12.0	26.3
East South Central	4.4	6.5	3.3	1.1	(2)	.8	(2)	(2)
West South Central	2.2	2.3	1.8	(2)	5.8	9.7	1.0	.9
West	35.0	32.6	35.3	48.9	50.0	40.3	74.0	50.9
Mountain	4.4	4.5	2.6	2.1	25.0	25.8	24.0	15.8
Pacific	30.6	28.1	32.7	46.8	25.0	14.5	50.0	35.1
Outlying areas (Puerto Rico)	.1	.1	.1	(2)	(2)	(2)	(2)	(2)

[1] Less than $50,000.
[2] Less than one-half of one percent.

Health Benefit Expenditures Per Enrollee

The total health benefit expenditures per enrollee for all independent plans in 1961 were $42 (table 12). The per enrollee total expenditures were generally alike by type of sponsor, with medical society sponsored plans ranking first, followed by employer-employee-union plans, community plans, and private group clinic plans. The dental society sponsored plans provide dental benefits only, so their outlay per member was relatively low.

The community and employer-employee-union plans spent more per enrollee for hospital care in 1961 than did the other plans; for physician services, private group clinics laid out the most per enrollee ($32).

TABLE 12.—*Health benefit expenditures per enrollee of independent plans by type of plan and type of benefit, 1961*

Type of plan	Average health benefit expenditures per enrollee					
	Total	Hospitalization	Physician service	Dental service	Drugs	All other health benefits
All plans	$41.66	$24.75	$23.98	$9.87	$9.53	$1.98
Community	40.99	25.67	30.41	12.17	3.25	1.14
Medical society	44.77	19.46	25.13	----	(1)	1.13
Dental society	6.46	----	----	6.46	----	----
Private group clinic	37.30	17.16	32.39	(1)	4.90	9.09
Employer-employee-union	43.24	24.90	19.06	9.57	10.31	3.59

[1] Average expenditure not computed because of small number of enrollees.

Operating Expenses

The 516 reporting independent health insurance plans in 1961 used $33 million or 8.3 percent of their total earned income for operating expenses. The following tabulation shows the proportion of earned income used for operating expenses by the various types of plans.

Type of Sponsor:	*Operating costs as percent of earned income*
All plans	8.3
Community	8.0
Medical society	18.0
Dental society	23.1
Private group clinic	16.8
Employer-employee-union	7.2

The relatively high ratio shown for dental society sponsored plans reflects the usual situation for plans that are just getting underway; with initial enrollment increasing, benefit expenditures lag behind receipt of premium income.

The operating cost ratios shown are subject to several qualifications. The plans that provide services through their own health care facilities with a full or part-time salaried staff may have difficulty in allocating separately the expenses of administering the prepayment plan and of administering the group practice clinic. Hence the figures for these plans may not in all cases be fully valid. With respect to the employer-employee-union plans, some employer plans reported no operating costs as they considered such expenses to be part of their

general costs of doing business. In some of the welfare fund plans, the operating costs for health benefits were estimated on the basis of operating costs for the fund as a whole. These plans may pay premiums for health insurance coverage from Blue Cross-Blue Shield or insurance carriers in addition to the health benefits for which they self-insured; the plans frequently buy disability and life insurance. The total operating cost ratio for all benefits provided may not accurately represent, indeed may seriously understate, the operating cost ratio for the self-insured health benefits.

III. REPORTING GROUP PRACTICE PLANS

Plans and Enrollment

Of the 516 reporting plans, 143 or 28 percent provided service through group practice [7] units of physicians and/or dentists. The 143 group practice plans had an enrollment of 3.8 million for some type of health benefit, or 44 percent of the total enrollment in all 516 independent plans. In 1949, plans providing service through group practice units had 40 percent of the enrollment in independent plans.

Prepaid group practice plans include those that maintain their own health facilities, such as a hospital, clinic, or health center, with a full or part-time staff of physicians and/or dentists and plans that contract with one or more organized groups of physicians and/or dentists for health care services.

For purposes of the present survey, group practice plans were defined to include any plan with all or a substantial part of the plan members served by a group practice unit having the equivalent of three or more full-time physicians and/or dentists. Where a plan had some enrollees served through group practice and others through individual practice, in general only the enrollees served through group practice were credited to group practice enrollment. As an illustration, in the current survey only those enrollees of the International Ladies' Garment Workers' Union who were served by the union's health centers were credited to group practice. This definition and procedure were more conservative than those used in earlier surveys. In previous surveys, the entire membership was credited to group practice if some or all of the members were served through group practice.

Using the 1959 definition and classification procedure, there was an increase of 137,200 persons (4 percent) served by prepaid group practice plans in 1961 as compared to 1959. With the more conservative definition and classification procedure of the 1961 survey, the enrollment in group practice plans in 1961 was slightly less than that reported in the 1959 survey.

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[7] In this survey, group practice is defined as the equivalent of three or more full-time physicians and/or dentists formally organized to provide general medical or dental care, consultation, or diagnosis, with income from group practice distributed according to some prearranged plan. See S. David Pomrinse and Marcus S. Goldstein, *A Preliminary Directory of Medical Groups in the United States, 1959*, Public Health Service Publication 817, January 1961, p. 1.

Over half (55 percent) of the 143 group practice plans reporting in 1961 had staffs of full-time salaried physicians, half had part-time salaried physicians, and 44 percent contracted with one or more organized groups of physicians for providing medical service to their enrollees. These proportions add to more than 100 percent since some group practice plans had both full- and part-time salaried physicians and a few plans having their own salaried staffs also contracted with groups of physicians. Group practice plans had 1,197 full-time and 3,616 part-time salaried physicians and there were 4,345 physicians reported in the medical groups which contracted for services to enrollees of these plans.

About a twelfth (8 percent) of the group practice plans had full-time salaried dentists, 13 percent had part-time dentists, and 9 percent contracted with one or more organized groups of dentists. Thirty-six full-time dentists and 239 part-time salaried dentists together with 59 dentists in contracting groups served prepaid group practice plans having dental services.

Two-thirds of the plans providing service through group practice in 1961 were employer-employee-union plans, 18 percent were community plans, and the remaining 16 percent were private group clinic plans (table 13). About half (47 percent) of all the nonindustrial plans and about a fourth (23 percent) of all employer-employee-union plans were group practice plans. Of the 3.8 million enrollees served by prepaid group practice organizations, 47 percent were in community plans, the same percentage in employer-employee-union plans and 6 percent in private group clinic plans. Community and private group clinic plans together accounted for slightly more than half (53 percent) of all enrollees—a gain from the 43 percent reported for 1959.

Of the enrollment in all nonindustrial plans, 46 percent were served through group practice arrangements while 38 percent of all enrollees in industrial plans had service through group practice.

TABLE 13.—*Number of plans providing service through group practice and their enrollment, December 1961*

Type of sponsor	Plans		Enrollees	
	Number	Percent	Number (in thousands)	Percent
All plans	143	100.0	3,842.4	100.0
Community	25	17.5	1,805.2	47.0
Private group clinic	23	16.1	225.2	5.9
Employer-employee-union	95	66.4	1,812.0	47.1

Geographical distribution.—The West had the largest proportion (39 percent) of independent plans providing service through group practice in 1961, the South 22 percent, and the Northeast and North

Central regions each had a fifth (table 14). In all regions a high proportion of all prepaid group practice plans are employer-employee-union plans. Private group clinic plans are predominately located in the North Central and West; there are none in the Northeast.

About two-fifths (39 percent) of all enrollees in prepaid group practice plans are in the West and nearly the same proportion (37 percent) is in the Northeast (table 14). The Northeast has fewer group practice plans than the West but, on the average, its plans are larger.

Enrollment in group practice plans was highly concentrated in two States: California with 1,176.2 thousand enrollees and New York with 1,576.6 thousand. These two States accounted for three-fifths of all persons covered in prepaid group practice plans. The enrollment in California increased by a fifth between 1959 and 1961.

TABLE 14.—*Distribution of group practice plans and of their enrollees for any health benefits by divisions and regions and by type of plan, December 1961*

Regions and divisions	All prepaid group practice plans			Enrollees in—			
		Enrollees		Nonindustrial plans		Industrial plans	
	Number of plans headquartering in area	Number (in thousands)	Percent	Number (in thousands)	Percent	Number (in thousands)	Percent
United States	143	3,842.4	100.0	2,030.4	100.0	1,812.0	100.0
Northeast	28	1,410.0	36.7	678.0	33.4	732.0	40.4
New England	2	21.6	.6	----	----	21.6	1.2
Middle Atlantic	26	1,388.4	36.1	678.0	33.4	710.4	39.2
North Central	28	369.4	9.6	74.2	3.6	295.2	16.3
East North Central	12	201.2	5.2	11.2	.5	190.0	10.5
West North Central	16	168.2	4.4	63.0	3.1	105.2	5.8
South	32	578.6	15.1	95.1	4.7	483.5	26.7
South Atlantic	12	291.8	7.6	71.6	3.5	220.2	12.2
East South Central	8	203.3	5.3	17.9	.9	185.4	10.2
West South Central	12	83.5	2.2	5.7	.3	77.8	4.3
West	55	1,484.4	38.6	1,183.1	58.3	301.3	16.6
Mountain	11	105.1	2.7	.1	.004	105.0	5.8
Pacific	40	1,376.9	35.8	1,183.0	58.3	193.9	10.7
Outlying areas	4	2.4	.1	----	----	2.4	.1

Benefits of Group Practice Plans

As shown in table 15, more enrollees (95 percent) in group practice plans were covered for physician office-clinic-home calls than for any other type of health benefit. Generally, plans providing service through group practice have comprehensive physician service—that is, surgical care, in-hospital medical care, and office-clinic-home calls. Some plans, however—notably some union welfare plans—maintain health centers which provide service only at the center; surgical and

in-hospital medical care are provided through physicians in individual practice.

It is interesting to note that the community group practice plans and the private group clinic plans are generally alike in the proportions of their enrollees eligible for comprehensive physician service—office-clinic-home calls, in-hospital medical care, and surgical benefits. Among the industrial plans having group practice, more of their members than of those enrolled with community or private group clinic plans could receive dental and drug benefits. Coverage for special duty or visiting nurse services is most frequent for enrollees of the community plans.

TABLE 15.—*Enrollees in group practice plans eligible for specified benefits, December 1961*

Type of benefit	All plans	Type of sponsor		
		Community	Private group clinic	Employer-employee-union
	Number enrolled for specified benefit (in thousands)			
Any benefit	3,842.4	1,805.2	225.2	1,812.0
Hospitalization	2,586.3	1,108.6	40.8	1,436.9
Physician service:				
Surgical-obstetrical	3,484.0	1,796.6	211.0	1,476.4
In-hospital medical calls	3,504.2	1,794.5	217.2	1,492.5
Office-clinic-home calls	3,643.2	1,786.2	222.3	1,634.7
Dental care	397.8	71.0	3.1	323.7
Nursing service	1,901.5	1,622.7	6.3	272.5
Drugs outside hospital	518.4	108.4	20.4	389.6
Nursing-home care	41.5			41.5
Other health benefit	2,033.6	1,642.4	7.7	383.5
	Percent of enrollees eligible for specified benefit			
Any benefit	100.0	100.0	100.0	100.0
Hospitalization	74.3	61.4	18.1	79.3
Physician service:				
Surgical-obstetrical	90.7	99.5	93.7	81.5
In-hospital medical calls	91.2	99.4	96.4	82.4
Office-clinic-home calls	94.8	98.9	98.7	90.2
Dental care	10.3	3.9	1.4	17.9
Nursing service	49.5	89.9	2.8	15.0
Drugs outside hospital	13.5	6.0	9.1	21.5
Nursing-home care	1.1			2.3
Other health benefit	52.9	90.9	3.4	21.2
	Percent distribution of those eligible by type of plan			
Any benefit	100.0	47.0	5.8	47.2
Hospitalization	100.0	42.9	1.6	55.5
Physician service:				
Surgical-obstetrical	100.0	51.6	6.0	42.4
In-hospital medical calls	100.0	51.2	6.2	42.6
Office-clinic-home calls	100.0	49.0	6.1	44.9
Dental care	100.0	17.8	.8	81.4
Nursing service	100.0	85.4	.3	14.3
Drugs outside hospital	100.0	20.9	3.9	75.2
Nursing-home care	100.0			100.0
Other health benefit	100.0	80.8	.4	18.8

TABLE 16.—*Enrollees in group practice plans and in all other plans by patterns of benefits, December 1961*

[Number in thousands]

Type of benefit	Group practice plans		All other plans	
	Number	Percent	Number	Percent
Any benefit	3,842.4	100.0	4,845.4	100.0
Comprehensive physician service [1] (with or without other benefits)	3,368.9	87.7	2,980.2	61.5
Comprehensive physician service and hospitalization (with or without other benefits)	2,497.2	65.0	2,420.6	50.0
Comprehensive physician service, hospitalization, and dental care (with or without other benefits)	229.2	6.0	169.5	3.5
Comprehensive physician service, hospitalization, dental care, and nursing care (with or without other benefits)	93.8	2.4	50.2	1.0
Comprehensive physician service, hospitalization, dental care, nursing care, and drugs (with or without other benefits)	16.9	.4	48.5	1.0
All other combinations of benefits	343.1	8.9	898.6	18.5
One benefit only	178.8	4.6	753.9	15.6
Hospitalization only	1.1	[2]	358.1	7.4
Surgical-obstetrical care only			70.5	1.4
In-hospital medical care	.9	[2]		
Office-clinic-home calls only	91.7	2.4	20.1	.4
Dental care only	85.1	2.2	256.2	5.3
"Other" benefit only			49.0	1.0

[1] Comprehensive physician service includes surgical-obstetrical care, in-hospital medical care, and office-clinic-home calls. A relatively small number of those shown as entitled to comprehensive physician service, persons served by certain labor health centers, are not covered for home calls.
[2] Less than 0.05 percent.

Nearly nine-tenths (88 percent) of enrollees in the group practice plans had coverage for comprehensive physician service (with or without other benefits). By contrast about three-fifths (62 percent) of those enrolled in plans not providing service through group practice had such coverage (table 16). Two-thirds of the enrollees in the group practice plans were covered for comprehensive physician services and hospitalization; only half of those enrolled in the nongroup practice plans had such coverage. Six percent of the enrollees in group practice plans had coverage of these benefits and also of dental care.

More enrollees (95 percent) of the group practice plans than of the other plans (85 percent) were covered for two or more types of health benefits.

Income and Benefit Expenditures of Group Practice Plans

Plans providing service through group practice arrangements reported earned income of $215 million in 1961 (table 17) or about 54 percent of the total earned income of all independent plans. Community plans and employer-employee-union plans each received 48 percent of the earned income of group practice plans, and private group clinic plans about 4 percent. Total benefit expenditures show a similar distribution. Fifty-three percent of the total expenditures of the group practice plans went for physician services, 40 percent for hospital care, 2 percent for dental service, 2 percent for drugs, and 3

percent for nursing services, nursing home care, and "other" health benefits.

The industrial plans having group practice laid out a greater proportion of their total benefit expenditures for hospital care than did the community plans. As indicated earlier, one large community group practice plan provides physician service but not hospitalization. The private group clinic plans generally do not provide hospitalization; 86 percent of their total benefit expenditures were for the provision of physician service.

The total benefit expenditures per enrollee of the group practice plans were $53—61 percent higher than the per enrollee benefit outlays ($33) of the nongroup practice plans.

TABLE 17.—*Income and benefit expenditures of prepaid group practice plans by type of plan and type of benefit, 1961*

Type of plan	Earned income	Benefit expenditures							
		Total	Hospitalization	Physician services	Dental services	Nursing services	Drugs	Nursing-home care	Other health benefits
	Amount (in millions)								
All plans	$214.9	$201.9	$80.3	$106.6	$4.9	$0.7	$4.9	(1)	$4.5
Community	102.7	96.2	29.9	62.7	.7	.2	.3	--	2.4
Private group clinic	10.1	8.4	.7	7.2	.3	(1)	.1	--	(1)
Employer-employee-union	102.1	97.3	49.6	36.7	3.9	.5	4.5	(1)	2.1
	Percent distribution by type of plan								
All plans	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Community	47.8	47.6	37.2	58.8	14.3	28.6	6.1	--	53.3
Private group clinic	4.7	4.2	.9	6.8	8.2	--	2.0	--	--
Employer-employee-union	47.5	48.2	61.8	34.4	79.6	71.4	91.8	100.0	46.7
	Percentage distribution of total benefit expenditures by type of benefit								
All plans	--	100.0	39.8	52.8	2.4	0.3	2.4	(2)	2.2
Community	--	100.0	31.1	65.2	.7	.2	.3	--	2.5
Private group clinic	--	100.0	8.3	85.7	3.6	(2)	1.3	--	(2)
Employer-employee-union	--	100.0	51.0	37.7	4.0	.5	4.6	(2)	2.2

[1] Less than $50,000.
[2] Less than one-half of one percent.

IV. CHANGES IN INDEPENDENT PLANS, 1943–1961

The surveys of independent plans which the Division of Research and Statistics has made at various intervals over the past 20 years make it possible to present comparable data on changes in the number of plans and their enrollment since 1943 and on changes in benefit structure and income and benefit expenditures since 1949.

In considering these data the nature of these independent plans must always be held in mind, namely, that these are all plans other than Blue Cross or Blue Shield plans or insurance companies. Hence, the changes in number of plans, enrollment, etc., while reflecting the coming into existence of new organizations of this type or the demise of old ones and the growth of existing plans, also reflects the shifting of plans formerly "independent" to Blue Cross or Blue Shield and vice versa, and possibly in a few instances the change of organizations that were independent plans into insurance companies. Furthermore, the changes from year to year reflect the changing practices of employer-employee-union organizations in buying health insurance or self-insuring. It must also be remembered that at no time has the universe of all independent plans been definitely known. The figures presented are those for plans which at the time were on the Division's roster of known plans and which reported in that year's survey, i.e., which answered a questionnaire or for which data were available from some other source. To some extent, therefore, the changes in number of plans and enrollment from one period to another simply reflect changes in the extent of knowledge of all plans existing at the time and extent of response to the survey of that year.

Table 18 shows the changes in number of plans and in enrollment, by type of plan, over the whole period for which comparable data are available. It will be seen that the number of plans of all types increased appreciably from 1943 to 1949 and from 1949 to 1953, then dropped back in 1956 virtually to the 1949 level, and then increased sharply, in fact almost doubling, between 1959 and 1961. There is reason to believe that much of the increase from 1959 to 1961 simply reflects more nearly complete reporting. Probably most of the new plans reporting for the first time in 1961 were plans which were in existence in 1959 but the Division learned about them for the first time in the 1961 survey through the reports submitted by plans under the Welfare and Pension Plans Disclosure Act.

TABLE 18.—*Number of reporting independent plans and their enrollment, by type of plan, various years 1943–61*

Year	All plans	Type of sponsor				
		Community	Medical society	Dental society	Private group clinic	Employer-employee-union
	Number of plans					
1943	214	44	[1] 33	----------	24	113
1949	251	73	13	----------	16	149
1953	304	79	6	----------	15	204
1956	267	64	6	----------	20	177
1959	267	62	6	----------	24	175
1961	516	55	22	2	23	414
	Enrollment (in thousands)					
1943	2,957	455	[1] 942	----------	376	1,184
1949	4,461	1,159	917	----------	416	1,970
1953	9,685	3,800	1,063	----------	599	4,223
1956	8,944	4,265	544	----------	742	3,383
1959	9,876	4,481	618	----------	939	3,838
1961	8,688	3,232	346	154	225	4,729

[1] At this time there were no Blue Shield plans, i.e., the Blue Shield organization of medical society plans had not yet been formed.

There were almost 3 million persons enrolled in all independent plans in 1943, of whom almost a third were in medical society plans; at this time all medical society sponsored plans were included in the roster of independent plans since the Blue Shield organization of these plans had not yet been formed. By 1949 total enrollment had increased to 4.5 million and in the next four years, by 1953, it more than doubled, rising to 9.7 million. Virtually all of this increase was in the community and employer-employee-union plans. Much of this increase in enrollment was due to the establishment and growth of a few large plans. Thus, 1.5 million of the increase came from the establishment in 1950 of the medical program of the United Mine Workers Welfare and Retirement Fund; another 400,000 was due to the establishment and growth of the Health Insurance Plan of Greater New York, and another 200–300,000 through the transformation of plans serving Kaiser companies employees into a plan serving the general community and its subsequent growth. Another 1.2 million of the increase came from the Connecticut Blue Cross Plan severing its relations with the Blue Cross Commission and hence entering the ranks of the independent plans.

Enrollment in all reporting plans dropped slightly in 1956, increased to 9.9 million in 1959, and dropped by more than a million in 1961. The decrease from 1959 to 1961, as indicated earlier, was largely due to the shift of a number of large plans (including Connecticut Blue Cross) from being independent to Blue Cross-Blue Shield.

The number of community plans increased from 1943 to 1953 and since then has steadily declined; enrollment in these plans increased to

1959 and then fell by about a quarter from 1959 to 1961 for reasons previously indicated.

The number of medical society plans (not Blue Shield) dropped from 33 in 1943 (before there was Blue Shield) to 6 in 1953, held at that figure through 1959, and then increased to 22 in 1961. The increase from 1959 to 1961 has no significance. All the plans shown reporting in 1961 existed in 1959 but either did not report or were considered as part of a Statewide plan. Enrollment in medical society plans has decreased steadily from 1953 to 1961 as more and more of the plans of this type became Blue Shield plans. There are possibilities that in the future this type of plan may completely disappear from the independent group, i.e., that all plans of this type may join their fellow plans in Blue Shield.

The dental society plans are new to the independent group in 1961. Undoubtedly the next few years will see more of these plans organized. Then possibly an association of dental society sponsored prepayment plans will be formed, the definition of independent plans will be revised to recognize the existence of this new group of plan, and these plans will disappear from the independent category.

The number of private group clinic plans has remained fairly constant over the years but enrollment shows a steady increase from 1943 to 1959 and then a great drop from 1959 to 1961, the enrollment in 1961 being considerably less than in 1943. The increase shown in enrollment in this type of plan up to 1959 very largely reflected the growth of the Kaiser Foundation Health Plan which was classified during those years as a group clinic plan. The precipitate drop in enrollment from 1959 to 1961 is practically all due to reclassification of this plan in 1961 as a community plan.

The number of employer-employee-union plans substantially increased from 1949 to 1953; some of this may have been due to more complete reporting or a more complete roster. There was a drop in the number of plans reporting in the 1956 and 1959 surveys and a large increase in the 1961 survey. Most of this latter increase simply reflects the fact that a considerable number of relatively small industrial plans first came to the attention of the Division in the 1961 survey.

Enrollment in the industrial plans increased substantially from 1943 to 1949 and then more than doubled between that year and 1953. This period was marked by activity in the development of union-management welfare funds, some of whom, including as a prime example the United Mine Workers Welfare and Retirement Fund, elected to self-insure for health care benefits. Enrollment fell off in 1956 and 1959 and then increased from 1959 to 1961, some of this being due to more complete reporting. There has been a large change over

TABLE 19.—*Number of plans and their enrollment, 1949 and 1961, by region*

Region	1949	1961
	Number of plans	
Total United States	251	516
Northeast	47	155
North Central	48	118
South	93	103
West	63	140
	Enrollment (in thousands)	
Total United States	4,461	8,688
Northeast	1,156	3,806
North Central	860	1,299
South	669	1,265
West	1,777	2,318

the whole period under review in the character of the industrial plans: the plans run by employers have become less important; plans operated by union-management welfare funds have become predominant.

Table 19 shows the changes in number of all plans and their enrollment from 1949 to 1961 by geographical region. The greatest increase in enrollment has been in the Northeast. Much of this increase is the result of the growth of two large community plans, the Health Insurance Plan of Greater New York and Group Health Insurance, Inc.

In a sense the hard core of the independent plan group, certainly the plans in which there is most interest, is the group of plans which provide service through group practice arrangements. Data on these plans are not available for 1949. In 1953 there were 140 reporting group practice plans with a total enrollment of 3 million. This compares with 143 plans with a total enrollment, under the present more conservative method of counting enrollment in these plans, of 3.8 million in 1961. It is clear that up to now the growth of plans of this type has been relatively small in comparison with the growth of plans, such as Blue Cross, Blue Shield, and insurance companies, which provide service or benefits under a free choice of hospital or physician arrangement. However, with increasing interest in group practice on the part of both the medical profession and the public, the future may not be simply a projection of past trends.

Changes in Enrollment by Types of Benefits

Table 20 shows changes in enrollment for certain main types of benefits between 1949 and 1961, as reported in the surveys of these 2 years. The important fact brought out by this table is the relatively great growth in enrollment for physician service in the office, clinic,

TABLE 20.—*Distribution of enrollees in all independent plans and in community and employer-employee-union plans by type of benefit, 1949 and 1961*

Type of sponsor and type of benefit	Enrollment (in thousands)			
	1949		1961	
	Number	Percent	Number	Percent
All plans, any health benefit	4,461.3	100.0	8,687.8	100.0
Hospitalization	3,787.4	84.9	6,134.0	70.6
Surgical	3,193.9	71.6	7,563.9	87.1
In-hospital medical	2,855.5	64.0	7,226.7	83.2
Office-health center-home visits	281.8	6.3	6,889.6	79.3
Community, any health benefit	[1] 1,158.6	100.0	3,232.3	100.0
Hospitalization	1,057.4	91.3	1,628.2	50.4
Surgical	676.5	58.4	2,804.8	86.8
In-hospital medical	579.5	50.0	2,708.6	83.8
Office-health center-home visits	4.3	0.4	2,447.6	75.7
Employer-employee-union, any health benefit	1,970.0	100.0	4,729.4	100.0
Hospitalization	1,417.7	72.0	4,120.7	87.1
Surgical	1,437.9	73.0	4,201.9	88.8
In-hospital medical	1,217.0	61.8	3,955.2	83.6
Office-health center-home visits	277.5	14.1	3,878.1	82.0

[1] Includes consumer plans and community-wide plans.

health center, and home. In 1949 only 282,000 persons were enrolled for these benefits—6.3 percent of the total enrolled for any health benefit; in 1961, 6,900,000 persons were enrolled for this type of service and those so enrolled comprised approximately 80 percent of the total enrolled for any benefit.

Details are shown only for the community and employer-employee-union plans, those plans which enrollment-wise are of most importance. In both cases the growth in enrollment for service in the office-clinic-home is manifest. In other words, a significant aspect of the development of independent plans over this period has been that they have become plans which are largely providing comprehensive coverage of physician service.

Changes in Benefit Expenditures

Table 21 shows the changes in benefit expenditures of independent plans over the period 1949–1961. Total benefit expenditures of all plans increased from $83 million in 1949 to $362 million in 1961. There were marked changes in the distribution of benefit expenditures by type of plan. Benefit expenditures of the community plans increased from 16 percent of the total for all plans in 1949 to 37 percent of the total in 1961. Benefit expenditures of the employer-employee-union plans increased from 48 percent of the total in 1949 to 57 percent in 1961. Contrariwise, benefit expenditures of the medical society plans and the private group clinics which were a significant proportion of the total in 1949 had become quite minor by 1961.

TABLE 21.—*Benefit expenditures of independent plan, by type of plan, 1949 and 1961*

	1949		1961	
	Amount (in millions)	Percent	Amount (in millions)	Percent
All plans	$83	100	$362	100
Community	13	16	133	37
Medical society plans	19	23	15	4
Dental society plans			1	
Private group clinic plans	10	13	8	2
Employer-employee-union plans	40	48	205	57

Changes in Identical Plans Reporting in 1959 and 1961

There were 180 plans which reported in both the 1959 and the 1961 surveys. Table 22 shows the number of these plans and their enrollment in both 1959 and 1961 by type of plan. There was an increase of a little more than a million in enrollment in these 180 plans over the 2-year period, the increase in enrollment being about equally shared between the community and employer-employee-union plans. Most of the increase in enrollment of the community plans was due to the continued growth of the few large plans of this group.

TABLE 22.—*Changes in enrollment for any health benefit of 180 independent plans reporting in 1959 and 1961 by type of plan*

Type of sponsor	Number of plans	Enrollment (in thousands)	
		1959	1961
All plans reporting in 1959 and 1961	180	5,974.2	7,100.6
Community	41	2,588.0	3,103.5
Medical society	2	10.7	10.0
Private group clinic	15	184.7	186.0
Employer-employee-union	122	3,190.8	3,801.1

Ordinarily not much growth in enrollment in any individual employer-employee-union plan is to be expected. Since all employees generally participate—participation frequently being automatic or required—ordinarily an increase would come only from increase in the work force of the establishment or industry, or from extension of the plan's benefits to dependents or pensioners. A considerable share of the increased enrollment in the 122 employer-employee-union plans over these 2 years was due to increases in enrollment of a number of Federal employee union plans which extended enrollment to all Federal employees under the health insurance program for Federal employees.

Table 23 shows changes in enrollment in these 180 plans by type of benefit. It will be seen that the greatest percentage increase was in enrollment for dental benefits.

TABLE 23.—*Changes in enrollment for selected types of benefits among 180 independent plans reporting in 1959 and 1961*

Type of sponsor and type of benefit	Enrollment (in thousands)	
	1959	1961
All plans reporting in 1959 and 1961, any health benefit	5,974.2	7,100.6
Hospitalization	4,195.4	5,024.1
Surgical	5,218.5	6,326.5
In-hospital medical	4,857.2	6,220.7
Dental	430.8	581.3

V. ESTIMATES FOR ALL INDEPENDENT PLANS, 1961

By using enrollment information for the 286 nonreporting plans and by assuming that the pattern of benefits and per capita income and benefit expenditures are similar to those of the 516 reporting plans, estimates may be made of enrollment, income, and expenditures of all 802 independent plans known to have been active in 1961.

Most of the nonreporting plans were employer-employee-union plans; information on the number of employees covered by these plans was obtained from the Division of Welfare and Pension Reports, U.S. Department of Labor. Since information on the coverage of dependents was not available from this source, the enrollment estimates for this group were based only on the number of employees and are therefore conservative. For a considerable number of nonreporting plans, including some industrial plans, information on enrollment, including coverage of dependents, was available from other sources, chief of which were earlier surveys made by the Division.

The returns for the 516 reporting plans showed that enrollment for the different types of health benefits, as well as income and benefit expenditures, varied with the size of plan, type of plan, and whether or not the plan provided service through group practice. The reporting plans were accordingly stratified by size, type, and group practice status and the enrollment and financial data for the various groups of plans were used to make estimates for the 286 nonreporting plans, similarly stratified. The resulting estimates of enrollment, income, and health benefit expenditures for all 802 independent plans are shown in the following tables.

The total enrollment as of December 31, 1961, in all known 802 independent plans is estimated to be 9,809,000, of which 3,473,000 (35 percent) were in the community plans and 5,581,000 (57 percent) in the industrial plans, and 755,000 (8 percent) in the other three types of plans.

The total estimated enrollment of all plans is only 14 percent greater than the total enrollment of the reporting plans (see table 24). There was a considerable number of community plans which did not report, but they were small ones and the inclusion of their estimated enrollment raises the total enrollment of community plans only by 8 percent. All known medical society plans, not Blue Shield, reported. The three dental society plans which did not report were quite small.

There were 9 private group clinic plans which did not respond in the survey (or had not responded in the previous year's survey), but most of them were quite small and the inclusion of their enrollment raises total enrollment for all plans of this type by only 10 percent. Some 250 industrial plans did not report but most of them were relatively small and their enrollment was only 18 percent of that of the reporting plans.

A larger proportion of the group practice than nongroup practice plans reported. Estimated enrollment in all (reporting and nonreporting) plans providing service through group practice—there were 180 such plans in all—is only 3.5 percent greater than in the reporting plans for which data were given earlier.

Total earned income of all 802 independent plans in 1961 is estimated at $434,000,000 and total benefit expenditures at $397,000,000. Both these figures are only approximately 10 percent higher than those for the reporting plans. Estimated benefit expenditures of all independent plans providing service through group practice were $207,000,000, some 2 to 3 percent higher than the figure for the reporting plans.

TABLE 24.—*All 802 independent plans and estimated enrollees, by type of plan, December 1961*

Type of plan	Plans		Enrollees	
	Number	Percent	Number (in thousands)	Percent
All plans	802 (516)	100	9,809 (8,688)	100
Community	75 (55)	9	3,473 (3,232)	35
Medical society	22 (22)	3	346 (346)	4
Dental society	5 (2)	1	162 (155)	2
Private group clinic	32 (23)	4	247 (225)	2
Employer-employee-union	668 (414)	83	5,581 (4,729)	57

NOTE.—Figures in parentheses are those for reporting plans.

TABLE 25.—*Estimated distribution of all 802 independent plans and of enrollees for any health benefit by division and State, December 1961*

	Plans headquartering in State		Enrollees	
	Number	Percent	Number (in thousands) [2]	Percent
United States	802	100.0	9,809	100.0
New England	29	3.6	133	1.4
Maine	2		8	
New Hampshire	(1)		5	
Vermont	1		7	
Massachusetts	17		74	
Rhode Island	2		8	
Connecticut	7		31	
Middle Atlantic	262	32.7	4,135	42.2

See footnotes on p. 36.

TABLE 25.—*Estimated distribution of all 802 independent plans and of enrollees for any health benefit by division and State, December 9161*—Continued

	Plans headquartering in State		Enrollees	
	Number	Percent	Number (in thousands) [2]	Percent
New York	189		3,162	
New Jersey	27		160	
Pennsylvania	46		813	
East North Central	115	14.3	1,187	12.1
Michigan	13		187	
Ohio	29		389	
Illinois	44		405	
Indiana	8		50	
Wisconsin	21		156	
West North Central	51	6.4	398	4.1
Minnesota	18		114	
Iowa	5		29	
Missouri	21		188	
North Dakota	(1)		2	
South Dakota	2		10	
Nebraska	2		14	
Kansas	3		41	
South Atlantic	83	10.3	772	7.9
Delaware	(1)		3	
Maryland	14		42	
District of Columbia	18		113	
Virginia	10		150	
West Virginia	7		315	
North Carolina	9		43	
South Carolina	2		18	
Georgia	10		43	
Florida	13		45	
East South Central	20	2.5	383	3.9
Kentucky	4		179	
Tennessee	2		46	
Alabama	10		122	
Mississippi	4		36	
West South Central	44	5.5	173	1.8
Arkansas	4		31	
Louisiana	8		41	
Oklahoma	6		19	
Texas	26		82	
Mountain	34	4.2	214	2.2
Montana	(1)		4	
Idaho	5		5	
Wyoming	(1)		4	
Colorado	9		82	
New Mexico	1		6	
Arizona	5		35	
Utah	11		66	
Nevada	3		12	
Pacific	138	17.2	2,387	24.3
Washington	32		597	
Oregon	13		328	
California	74		1,391	
Alaska	1		(3)	
Hawaii	18		71	
Outlying	26	3.2	27	.3
Puerto Rico	26		27	
Guam				
Virgin Islands				

[1] While no plans reported with headquarters within this State, there were enrollees of other plans residing in the State.

[2] Includes reported enrollment by States for nine independent plans which are headquartered in one State but have members in one or more other States.

[3] Less than 1,000 enrollment.

TABLE 26.—*Estimated number of enrollees*[1] *in all 802 independent plans by type of benefit and type of plan, December 1961*

	All plans	Type of plan				
		Community	Medical society	Dental society	Private group clinic	Employer-employee-union
	Number enrolled for specified benefit (in thousands)					
Any benefit	9,809	3,473	346	162	247	5,581
Hospitalization	7,123	1,858	344	----------	57	4,864
Surgical	8,515	3,033	346	----------	231	4,905
In-hospital medical	8,049	2,930	346	----------	237	4,536
Physician office and/or home calls	7,670	2,675	342	----------	243	4,410
Dental[2]	1,124	195	----------	162	7	760
Nursing	3,864	2,572	4	----------	9	1,279
Drugs outside hospital	1,417	125	4	----------	23	1,265
Nursing-home care	526	----------	----------	----------	----------	526
Other health benefit	3,027	1,880	8	----------	11	1,128
	Percent eligible for specified benefit					
Any benefit	100	100	100	100	100	100
Hospitalization	73	54	99	----------	23	87
Surgical	87	87	100	----------	94	88
In-hospital medical	82	84	100	----------	96	81
Physician office and/or home calls	78	77	99	----------	98	79
Dental	12	6	----------	100	3	14
Nursing	39	74	1	----------	4	23
Drugs outside hospital	14	4	1	----------	9	23
Nursing-home care	5	----------	----------	----------	----------	9
Other health benefit	31	54	2	----------	4	20

[1] The base for estimates for all plans and by type of sponsor is given in table 6.
[2] For enrollment in dental benefits, data for some of the 286 non-reporting plans were obtained from Division of Dental Public Health and Resources, Public Health Service.

TABLE 27.—*Estimated enrollees of all 802 independent plans by selected types of benefits by division and State, December 31, 1961*

	Number of persons enrolled (in thousands)		
	Hospitalization	Physician services	
		Surgical	In-hospital medical
United States	7,123	8,515	8,049
New England	129	127	125
Maine	7	8	8
New Hampshire	5	5	5
Vermont	7	6	6
Massachusetts	71	70	69
Rhode Island	8	8	7
Connecticut	31	30	30
Middle Atlantic	2,203	3,457	3,174
New York	1,275	2,757	2,535
New Jersey	157	131	129
Pennsylvania	771	569	510
East North Central	1,036	1,089	919
Michigan	173	173	169
Ohio	362	335	251
Illinois	308	384	313
Indiana	50	49	45
Wisconsin	143	148	141

TABLE 27.—*Estimated enrollees of all 802 independent plans by selected types of benefits by division and State, December 31, 1961*—Continued

	Number of persons enrolled (in thousands)		
	Hospitalization	Physician services	
		Surgical	In-hospital medical
West North Central	322	358	343
Minnesota	64	96	103
Iowa	29	29	25
Missouri	162	166	154
North Dakota	2	2	2
South Dakota	11	10	10
Nebraska	14	14	8
Kansas	40	41	41
South Atlantic	759	680	670
Delaware	3	3	3
Maryland	37	37	36
District of Columbia	109	109	110
Virginia	148	124	123
West Virginia	315	282	282
North Carolina	43	43	41
South Carolina	17	17	13
Georgia	43	21	21
Florida	44	44	41
East South Central	327	317	356
Kentucky	174	174	172
Tennessee	45	44	42
Alabama	72	63	107
Mississippi	36	36	35
West South Central	157	159	147
Arkansas	31	31	25
Louisiana	35	35	35
Oklahoma	19	19	15
Texas	72	74	72
Mountain	207	206	200
Montana	4	4	4
Idaho	5	5	5
Wyoming	4	4	4
Colorado	77	76	72
New Mexico	6	6	6
Arizona	35	35	34
Utah	66	66	65
Nevada	10	10	10
Pacific	1,961	2,101	2,096
Washington	442	443	443
Oregon	325	323	323
California	1,124	1,265	1,260
Alaska	(1)	(1)	(1)
Hawaii	70	70	70
Outlying	22	21	19
Puerto Rico	22	21	19
Guam	----	----	----

[1] Less than 500.

TABLE 28.—*Estimated income and benefit expenditures of all 802 independent health insurance plans by type of plan and type of benefit, 1961*

Type of plan	Earned income	Benefit expenditures							
		Total	Hospitalization	Physician services	Dental service	Nursing service	Drugs	Nursing home care	Other health benefits
	Amount (in millions)								
All plans	$434	$397	$171	$194	$11	$2	$14	(1)	$7
Community	148	139	46	87	2	1	(1)	----	3
Medical society	19	16	7	9	----	(1)	(1)	----	(1)
Dental society	3	1	----	----	1	----	----	----	----
Private group clinic	11	9	1	8	(1)	(1)	(1)	----	(1)
Employer-employee-union	253	232	117	90	7	1	13	(1)	4
	Percent distribution								
All plans	100	100	100	100	100	100	100	100	100
Community	34	35	27	45	18	50	3	----	43
Medical society	4	4	4	5	----	(2)	(2)	----	(2)
Dental society	1	(2)	----	----	9	----	----	----	----
Private group clinic	3	2	1	4	4	(2)	3	----	(2)
Employer-employee-union	58	58	68	46	64	50	93	100	57

[1] Less than $1 million.
[2] Less than one percent.

TABLE 29.—*Estimated number of persons enrolled in all 180 group practice plans for specified services, by type of plan, end of 1961*

[In thousands]

	All plans	Community	Private group clinic	Employer-employee-union
Total health expenditure and enrollment in any benefit	3,975	1,814	247	1,914
Hospitalization	2,672	1,116	57	1,499
Physician services:				
Surgical	3,580	1,805	231	1,544
In-hospital medical	3,602	1,803	238	1,561
Physicians' office and/or home calls	3,756	1,795	243	1,718
Dental	432	73	6	353
Nursing	1,933	1,624	9	300
Drugs outside hospital	554	110	23	421
Nursing-home care	47	(1)	(1)	47
Other health benefits	2,075	1,644	11	420

[1] Less than 1,000 enrollees.

Appendix

1963 Supplement to List of Independent Plans

In June 1962 the Division of Research and Statistics of the Social Security Administration issued a publication entitled *Independent Health Insurance Plans, A List by States, June 1962.* At the time this list went to press it contained the names of all active independent health insurance plans which were then known to the Division.

Since publication of this list and partly as a result of correspondence from organizations listed or not listed, the Division has learned of additional organizations which should (as of April 1963) be included on a list of independent plans, as well as organizations which are no longer in existence or no longer meet the definition of independent plans and which should be deleted. Also information has been received as to plans incorrectly classified. The following list of additions, deletions and corrections to the published list will bring that list up to date, i.e., as of April 1963, insofar as information concerning new plans or the demise or changed status of old ones has come to our attention.[1]

New organizations which consider themselves to be "independent health insurance plans" are urged to write the Division giving information about themselves. Similarly persons knowing of the organization of new plans of this nature, or the liquidation of old ones are urged to send such information to the Division. Such communications will assist the Division in maintaining a reasonably complete and up to date roster of independent health insurance plans. Letters giving such information should be addressed to Chief, Medical Economics Studies, Division of Research and Statistics, Social Security Administration, Washington, D.C., 20201.

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[1] The 802 independent plans for which estimates are given in ch. 5 include all plans listed in the June 1962 list, plus a few other plans of which knowledge was first obtained after that list had gone to press, and less a few plans which (a) were found to have definitely gone out of existence or to have been erroneously classified as independent plans, and (b) a few plans which while in existence in June 1962 were not in active operation for 6 months or more in 1961.

NOTE: A number appearing in parentheses after the name of a plan indicates the type of sponsorship, as follows: (1) community; (2) employer-employee-union; (3) medical society, other than Blue Shield; (4) dental society; (5) private group clinic. An asterisk (*) denotes a group practice plan.

CALIFORNIA

Bay Area Painters Welfare Fund (2)
3068 16th Street
San Francisco, Calif.

Carpenters' Health and Welfare Trust for Southern California (2)
412 West Sixth Street
Los Angeles 14, Calif.

Chauffeurs' Union Local 923 Security Fund (2)
3868 Piedmont Avenue
Oakland, Calif.

Dr. Frank M. Close and Staff (5)*
728 20th Street
San Francisco, Calif.

Culinary Workers & Bartenders Union Local No. 814 (2)
Welfare Fund
117 West Ninth Street
Los Angeles 15, Calif.

Independent Order of Foresters & the Moose, Medical Department (1)
1329 South Hope Street
Los Angeles, Calif.

Long Beach Physicians' Health Plan (3)
814 Pine Avenue
Long Beach, Calif.

Metropolitan Water District of South California Group Hospital and Medical Insurance Program (2)
306 West Third Street
Los Angeles 13, Calif.

San Leandro Medical Group (5)*
215 Estudillo Street
San Leandro, Calif.

Senior Citizens Labor Health Services (2)
516 East Washington Boulevard
Los Angeles, Calif.

Sheet Metal Workers' Plan of Northern California (2)
2315 Valdez Street
Oakland, Calif.

Southern California Pipe Trades Trust Fund (2)
1667 Beverly Boulevard
Los Angeles 26, Calif.

Teamsters Local 94 Health and Welfare Plan (Visalia) (2)
Visalia, Calif.

Upholsterers International Union, Locals 15 and 500 (2)
Health and Welfare Fund
1927 West Ninth Street
Los Angeles, Calif.

COLORADO

Colorado Dental Service, Inc.
903 Republic Building
Denver, Colo.

DISTRICT OF COLUMBIA

Carpenters Welfare Fund Washington Area (2)
821 19th Street NW
Washington 6, D.C.

Dr. Jack Diener & Associates (5)*
4702 Georgia Avenue NW
Washington, D.C.

Dr. Aaron Kimche (5)*
5216 South Dakota Avenue SE
Washington, D.C.

HAWAII

Hawaii State Dental Service Corp.
253 Alexander Young Building
Honolulu 13, Hawaii

MARYLAND

Maryland Casualty Association (2)*
701 West 40th Street
Baltimore 3, Md.

MICHIGAN

Dochler-Jarvis Employees Mutual Benefit Association (2)
525 Cottage Grove Street
Grand Rapids 2, Mich.

Riggers Local No. 575
3703 Fenkell
Detroit, Mich.

MISSOURI

International Shoe Company
Delmar Warehouse Employees Union
1509 Washington Street
St. Louis, Mo.

NEW YORK

Bakery & Confectionery Sales Girls Union No. 150 (2)
Health and Welfare Funds
853 Broadway
New York 3, N.Y.

International Brotherhood of Teamsters, Local No. 202 (2)
91 West Broadway
New York 7, N.Y.

International Brotherhood of Teamsters, Local No. 802 (2) *
4120 Crescent Street
Long Island City, N.Y.

International Brotherhood of Teamsters, Local No. 1205 (2) *
615 Fourth Avenue
Brooklyn 15, N.Y.

New York Dental Service Corp. (4)
30 East Forty-Second Street
New York 17, N.Y.

New York Shipping Association-International Longshoremen's Assn. Welfare Fund (2)*
80 Broad Street
New York 4, N.Y.

New York City Council of Carpenters (2)*
204 East 23d Street
New York City, N.Y.

Stationers Association Local No. 585 (2)
Welfare Fund
130 West Forty-Second Street
New York 36, N.Y.

PENNSYLVANIA

Philadelphia Municipal Employees (2)*
Welfare Fund
323 Race Street
Philadelphia, Pa.

PUERTO RICO

Evangeline Health Cooperative (1)
Box 9995
Santurce, P.R.

Seguros de Servicio de Salud de Puerto Rico, Inc. (3)
620 Europa Street
Santurce, P.R.

WEST VIRGINIA

Bluefield Sanitorium, Inc. (1)*
Bluefield, W. Va.

B. *Changes in Classification of Plans*

CALIFORNIA

Foundation for Medical Care of San Joaquin County
Post Office Box 230
445 W. Acacia Street
Stockton, Calif.
(change sponsorship from (1) to (3))

COLORADO

Group Health Association of Denver
2333 So. Columbine Street
Denver 10, Colo.
(change sponsorship from (5)* to (1))

MISSOURI

St. Louis Labor Health Institute
1641 S. Kingshighway
St. Louis 10, Mo.
(change sponsorship from (1)* to (2)*)

NEW YORK

Dental Insurance Plan, Inc.
125 Maiden Lane
New York 38, N.Y.
(change sponsorship from (4) to (1))

Group Health Dental Insurance, Inc.
221 Park Avenue South
New York 3, N.Y.
(change sponsorship from (4) to (1))

CALIFORNIA

Building Service Employees Union, Local 87 (2)
240 Golden Gate Avenue
San Francisco, Calif.

Community Health Association (1)*
111 East First Street
Los Angeles, Calif.

Dress Vacation—Welfare Fund (2)
345 Mason Street
San Francisco 2, Calif.

East Bay Cooperative Medical Group (1)*
1414 University Avenue
Berkeley 2, Calif.

Health Service System (2)
450 McAllister Street
San Francisco 2, Calif.

International Longshoremen's & Warehousemen's Union (2)* Local 9. Welfare Fund
150 Golden Gate Avenue
San Francisco, Calif.

International Longshoremen's & Warehousemen's Union — Pacific Maritime Assn. Welfare Fund (2)*
150 Golden Gate Avenue
San Francisco 2, Calif.

Levine Medical Group (5)*
1020 McKeever Court
Hayward, Calif.

Los Angeles Beneficial Society
12845 Victory, North Hollywood
Los Angeles, Calif.

Los Angeles Cloak Joint Board, International Ladies Garment Workers Union (2)*
Vacation, Health, Death, and Welfare Fund
400 West Ninth Street
Los Angeles 15, Calif.
(plans of individual locals of I.L.G.W.U. not listed)

M.D. Medical Group (5)*
4193 Redondo Beach Block
Lawndale, Calif.

Physicians' & Surgeons' Association (5)*
529 East Tenth Street
Long Beach 13, Calif.

Sheet Metal Workers International Association, Local 170 (2)
6075 South Normandie
Los Angeles, Calif.

GEORGIA

Southeastern Regional I.L.G.W.U. (2)
Health and Welfare Fund
1065 Gordon Street SW
Atlanta, Ga.

MASSACHUSETTS

Boston Post Office Clerk's Union (2)
Room 212–213
157 Federal Street
Boston 10, Mass.

MICHIGAN

American Hospital-Medical Benefit Association (1)
409 Plymouth Road
Plymouth, Mich.

MINNESOTA

Nash-Finch Company (2)
Free Hospitalization Plan
3115 West Lake Street
Minneapolis 16, Minn.

MISSOURI

Medical Institute of Local 88 (2)
4488 Forest Park Boulevard
St. Louis, Mo.

NEW YORK

Cafeteria Employees Union, Local 302 (2)
940 Broadway
New York 10, N.Y.

Care, Incorporated (2)
660 First Avenue
New York, N.Y.

Cleaners' and Dyers' Union, Local 239, A.C.W. of A. (2)
Insurance Fund
403 Fourth Avenue
New York 16, N.Y.

Fur Floor Workers Union, Local 3 (2)
Sick and Death Benefit Fund
149 West 28th Street
New York 1, N.Y.

NEW YORK—Continued

Hotel and Restaurant Employees and Bartenders International Union Local 15 (2)
30 East 29th Street
New York 16, N.Y.

I.B. of T. Local Union 27 (2)
Welfare Trust Fund
27–29 Union Square West
New York 3, N.Y.

International Brotherhood of Teamsters, Local 810 (2)
75 East 13th Street
New York, N.Y.

International Brotherhood of Teamsters Local 707 (2)
New York, N.Y.

N.Y.S.A.–I.L.A. Medical Center of Brooklyn (2)*
Welfare Fund
283 Union Street
Brooklyn 31, N.Y.

New York Typographical Union 6 (2)
Hospital Benevolent Fund
265 West 14th Street
New York, N.Y.

Retail Drug Employees Union, Local 1199 (2)
300 West 45th Street
New York 36, N.Y.

Helena Rubenstein
Northern Boulevard
Greenvale, L.I., N.Y.

United Automotive Parts, Tire & Accessory Employees Local 394 (2)
113 West Forty Second Street
New York 36, N.Y.

United Restaurant, Lunch, Dining Bartenders Union Local 15a (2)
Trust Fund
30 East 29th Street
New York 16, N.Y.

United Syrup and Preserve Employees Local 193 (2)
CIO Welfare Fund
57 Seventh Avenue
Brooklyn 17, N.Y.

United Textile Workers of America, Local 229 (2)
325 Fourth Avenue
New York 10, N.Y.

OHIO

Westinghouse Air Brake Co. (2)
Pension and Group Insurance Plan for Salaried Employees of Le Roi Division
Sidney, Ohio

PUERTO RICO

Sindicatura del Fondo de Bienestar de La Union de Empleados de Muelles de Puerto Rico (2)
253 San Augustin Street
Puerta de Tierra
San Juan, P.R.

SOUTH CAROLINA

I.L.A. Pension, Welfare and Vacation Plan (2)
4 Broad Street
Charleston, S.C.

VIRGINIA

Clinch Valley Clinic & Hospital (1)*
Outpatient Clinic
Richland, Va.

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